

The Health Professions Council

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Minutes of the 48th meeting of the Finance and Resources Committee held on **Wednesday 4 February 2009** at Park House, 184 Kennington Park Road, London SE11 4BU.

Present: Mr R Clegg (Chairman)
Mrs P Blackburn
Mrs M Clark-Glass
Mr P Douglas
Mrs S Drayton
Mr W Munro
Mr D Ross
Mr K Ross
Mrs J Sheridan
Mrs B Stuart

In attendance:

Mr C Bendall, Secretary to the Committee
Ms D Dawkins, Acting Partner Manager
Mr G Gaskins, Director of Information Technology
Mr S Hall, Facilities Manager
Ms L Hart, Secretary to Council
Ms K Johnson, Director of Fitness to Practise
Mr R Kennett, Accountant member, Audit Committee (observer)
Mr S Leicester, Director of Finance
Ms J Mc Brearty, Human Resources Manager
Ms C Milner, Financial Controller
Mr G Ross-Sampson, Director of Operations
Mr M J Seale, Chief Executive and Registrar
Dr A van der Gaag, President
Ms K Webster, Acting Director of Human Resources

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Item 1.09/1 Apologies for absence

- 1.1 Apologies for absence were received from Professor J Harper and Mr N Willis.

Item 2.09/2 Approval of agenda

- 2.1 The Committee approved the agenda, subject to considering the item on the partner selection and recruitment policy as item 9 and considering the paper on the budget for 2009-10 (included on the agenda for the private part of the meeting) as item 12.

Item 3.09/3 Declarations of members' interests

- 3.1 Members had no interests to declare in connection with the items on the agenda.

Item 4.09/4 Minutes of the Finance and Resources Committee meeting held on 17 November 2008

- 4.1 It was agreed that the minutes of the 47th meeting of the Finance and Resources Committee should be confirmed as a true record and signed by the Chairman, subject to an amendment that paragraph 13.2 should read: 'The Committee noted that the five year plan...'

Item 5.09/5 Matters arising

- 5.1 The Committee received a paper to note from the Executive.
- 5.2 The Committee noted the actions list as agreed at the last meeting.

Item 6.09/6 Finance report

- 6.1 The Committee received a report on the work of the Finance Department.
- 6.2 The Committee noted that Mr Leicester was due to leave the HPC in June 2009 due to a change of career.

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- 6.3 The Committee noted that, with assistance from all HPC departments, the Finance Department had at short notice re-launched the Purchase Requisition System, to enable electronic purchase ordering. The re-launched system included a number of refinements.
- 6.4 The Committee noted that the Department was involved in a number of projects, including:
- completing the annual budget process for 2009-10;
 - preparing the 2008-9 annual accounts, including valuation of HPC's buildings;
 - preparing financial systems and process for introduction of International Financial Reporting Standards (further discussion took place at item 18); and
 - completing the fees project, with the new fees due to be implemented on 1 April 2009.

Item 7.09/7 Human Resources report

- 7.1 The Committee received a report on the work of the Human Resources Department.
- 7.2 The Committee noted that Ms Webster would shortly be leaving HPC and wished her well for the future. The Committee welcomed Ms Mc Brearty to her first meeting.
- 7.3 The Committee noted that the Department had been involved in the following activities:
- recruitment for a number of posts;
 - the annual performance development review process;
 - the annual review of job descriptions; and
 - preparation of the Department's budget and workplan for 2009-10.
- 7.4 The Committee noted that the new Director of Human Resources was due to start work on 1 April 2009.

Item 8.09/8 Partner Manager report

- 8.1 The Committee received a report on the work of the Partner Manager.

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- 8.2 The Committee noted that recruitment had taken place or was being planned for a number of partner roles, including Continuing Professional Development assessors.
- 8.3 The Committee noted that fitness to practise panel chairs were currently being appraised and appraisal of panel members would start shortly. The outcome of the appraisal process for partners would be reported in due course.

Item 9.09/9 Partner appointment and selection policy

- 9.1 The Committee received a paper for discussion/approval from the Executive.
- 9.2 The Committee noted that the partner appointment and selection policy formed part of the partner handbook, which had last been updated in September 2007. The policy provided that a representative from the Office of the Commissioner for Public Appointments (OCPA) should be appointed to be part of the partner interview panel. The OCPA had advised that it could no longer provide Independent Public Appointment Assessors (IPAA), as the HPC was not within the jurisdiction of OCPA. However, independent assessors could work in a private capacity for non-regulated bodies as long as they did not refer to themselves as IPAA's in undertaking that work. The OCPA had recommended that HPC's partner recruitment material should state that although appointments did not come within the remit of the Commissioner for Public Appointments, partner appointments were made using a process which took into account the Commissioner's Code of Practise as best practice.
- 9.3 The Committee agreed to amend the policy as follows:
 - (1) add a new clause numbered 1.3, to read 'These appointments do not come within the remit of the Commissioner for Public Appointments, they are being made using a process which takes into account the Commissioner's Code of Practice as best practice.'
 - (2) to remove the final bullet point in clause

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7.2, i.e. the paragraph reading 'A representative from the Office for the Commissioner of Public Appointments will be invited to be part of the panel to assist and advise where large recruitment exercises occur, or where small, very specific and recruitment takes place. They will also be utilised where one of the employees or Committee members are unavailable or where specialized, legal advice on the process is necessary'.

Action: DD (by 16 March 2009)

Item 10.09/10 Information Technology report

- 10.1 The Committee received a report on the work of the Information Technology Department.
- 10.2 The Committee noted that an additional employee had been recruited and was due to start work on 23 February 2009.
- 10.3 The Committee noted that the Department had been involved in the following activities:
 - upgrading disaster recovery services and capacity;
 - running a project to replace personal computers;
 - penetration testing of IT security where the one substantive issue identified was known and had a rectification plan; and
 - development of the home working policy in conjunction with the Human Resources Department.
- 10.4 The Committee noted that the HPC already had a number of measures in place to ensure the security of data on laptops. The Executive was developing further procedures to ensure that data was secure.

Item 11.09/11 Operations report

- 11.1 The Committee received a report on Operations, covering the Registration Department, project management, facilities management and business improvement.

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- 11.2 The Committee noted that the Registration Department was undertaking cross-training of employees, so that they could deal with a range of enquiries. The telephone system would also be reconfigured to allow particular types of enquiries to be routed to an appropriate employee. The Committee thanked the Registration Department for answering the vast majority of telephone calls in October and November 2008.
- 11.3 The Committee noted that the Registration Department workplan for 2009-10 would include a review of service standards, to ensure that the standards were meaningful and robust. The Committee noted that service standards had to be set at a level which was realistic (within available resources) and which managed registrants' expectations.
- 11.4 The Committee noted that a business continuity test of the Registration Department had been held on 27 January 2009. The test had identified an issue with the transfer of telephone lines to the disaster recovery site.
- 11.5 The Committee noted that operating department practitioners were currently being audited for Continuing Professional Development (CPD). There had been a high level of responses to date. The Executive would review the approach to CPD in the light of data from the audit of the first two professions. The Committee noted that the Council on 10 February 2009 would be asked to approve a consultation on an amendment to the standards of CPD (the proposed amendment would require that CPD profiles were a registrant's own work).
- 11.6 The Committee noted the current status of major projects.
- 11.7 The Committee noted that equality and diversity demographic information could now be collected from applicants and stored anonymously. The Executive would report on the data in due course and make recommendations as appropriate.

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11.8 The Committee noted that planning consent had been granted for phase 2 of the work to 22-26 Stannary Street. Building control consent had been expected by the end of January 2009, but had not yet been received. The HPC's professional advisers were chasing the local planning authority for a decision.

Item 12.09/12 Budget for year 1 April 2009 – 31 March 2010

12.1 The Committee received a paper for discussion/approval from the Executive. The Committee noted that the paper contained the draft budget and that the final version of the budget would be considered at the Committee's meeting on 16 March 2009. The budget had been based on the current five year plan.

12.2 The Committee noted that the budget for 2009-10 showed total income of £15.55 m and operating expenses of £15.62 m, giving a budgeted deficit of approximately £63,000. The Committee noted that, due to time constraints in the budget process, sufficient time had not been taken earlier in the process to present at least a break-even budget to the February meeting of the Committee. For the March meeting, the Executive intended to amend the budget further to show at least a break-even position before investments.

12.3 The Committee noted that it would be difficult to budget accurately for any gain or loss on HPC's investments.

12.4 The Committee noted that the Department of Health had provided a grant to HPC to prepare for regulation of practitioner psychologists. The HPC did not expect to receive any further grant for the regulation of that profession (for example, to cover the cost of handling fitness to practise cases for practitioner psychologists which were transferred from the professional body). The Committee noted that it was possible that fitness to practise cases for professions regulated in the future might be more complex and more likely to include legal representation of the registrant.

12.5 The Committee noted that the budget for the Fitness to Practise Department in 2009-10 was due to

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increase by 22.47% from the latest reforecast. The Department's legal expenses were budgeted to increase by 38%. The Committee agreed that the Executive should provide more information about the reasons for the proposed increase in legal expenses.

- 12.6 The Committee agreed that the Financial Controller should amend the budget as indicated at paragraphs 12.2 and 12.5 and present the revised budget to the next Committee meeting on 16 March 2009.

Action: CM (by 16 March 2009)

Item 13.09/13 Partner, employee and council/committee expenses

- 13.1 The Committee received a paper for discussion/approval from the Executive.
- 13.2 The Committee noted that a paper proposing changes to the expense policy for HPC partners had been considered by the Committee at its meeting on 17 November 2008. HPC had received feedback from Partners that at times it was difficult to secure accommodation in central hotels in major cities at the rates set out in the existing expenses policy. The paper proposed to increase the allowance for hotel accommodation for partners, Council and committee members and HPC employees staying in central London (travel zones one to four) and large UK cities.
- 13.3 The Committee noted that the paper also proposed to increase the allowance for carers of dependents. The Committee noted the carer or registered child minder would have to be registered with the appropriate organisation.
- 13.4 The Committee agreed that:
- (1) the daily maximum allowance for hotel accommodation should be increased as follows, with effect from 1 April 2009:

Central London (travel zones one to four) - £160 (including VAT);

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Aberdeen, Birmingham, Edinburgh, Glasgow, Belfast, Cardiff, Manchester, London (beyond travel zone four) - £140 (including VAT);

Other UK locations - £120 (including VAT)

(2) for Partners and Council and Committee members, the allowance for carers of dependents should be increased to a maximum of £65 per day, payable against a valid invoice or receipt from a registered carer or child minder. The increase would be effective from 1 April 2009.

Action: SL (by 1 April 2009)

Item 14.09/14 Money market provider update

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that, at its meeting on 17 November 2008, it had considered a paper on managing the risk of HPC's investments in the money markets. The current paper proposed two additional money market providers, namely Barclays Bank and HSBC Bank, should be used.
- 14.3 The Committee agreed that Barclays Bank and HSBC Bank should be used as additional money market providers.

Action: SL (by 16 March 2009)

Item 15.09/15 Financial regulations update

- 15.1 The Committee received a paper for discussion/approval from the Executive.
- 15.2 The Committee noted that it had considered a paper on the financial regulations at its meeting in September 2007. The regulations were being provided to the Committee for review, although no further amendments were proposed.
- 15.3 The Committee noted that it was now possible for the National Audit Office (NAO) to act as the HPC's appointed external auditor, although the NAO would

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have to tender for the work. The Audit Committee would consider the issue in due course.

- 15.4 The Committee agreed that no changes were needed to the financial regulations.

Item 16.09/16 Depreciation policy

- 16.1 The Committee received a paper for discussion/approval from the Executive.
- 16.2 The Committee noted that the paper proposed a number of changes to the depreciation policy, to reflect a more realistic view of the useful economic life of certain assets (lift machinery and computer hardware). The paper also proposed that one of the asset classes (registration system software) should be retitled, to recognise that other software had been purchased and would be depreciated.
- 16.3 The Committee noted that the information technology industry generally accepted that personal computer hardware should be replaced every three years and this reflected the increased loads placed on the hardware by new releases of software such as new Microsoft operating systems. The Committee noted that the Executive intended to recycle any hardware, possibly by donating it to a charitable organisation. The Committee noted that arrangements would be made to wipe data from any hardware.
- 16.4 The Committee approved the following changes to the depreciation policy:
- (1) the depreciation period for plant and machinery (i.e. lifts) should be changed from 50 years to 20 years;
 - (2) the depreciation period for computer hardware (including laptops and PCs less than £1000 in value) should be changed from 4 years to 3 years;
 - (3) the asset class 'registration system software' should be renamed 'computer software'.

Action: SL (ongoing)

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Item 17.09/17 Bank mandate update

- 17.1 The Committee received a paper for discussion/approval from the Executive.
- 17.2 The Committee noted that, following recent changes of employees, it was proposed to amend the signatories to the bank mandate and the invoice and purchase order signatory list.
- 17.3 The Committee approved the following changes:
(1) in the bank mandate, add the Director of Information Technology and the Director of Education as signatories to list A of the bank mandate;
(2) in the invoice and purchase order signatory list, add the IT infrastructure support manager as a signatory up to £1000.

Action: SL (by 16 March 2009)

Item 18.09/18 International Financial Reporting Standards reporting

- 18.1 The Committee received a paper to note from the Executive.
- 18.2 The Committee noted that HM Treasury had introduced a requirement that various public bodies, including HPC, should adopt International Financial Reporting Standards (IFRS) for accounting. The Executive was in the process of adopting the standards and had also reported progress to the Audit Committee. The Committee noted that, following completion of the annual report and accounts for 2008-9, the accounts would be restated to meet IFRS requirements and then audited by Baker Tilly.

Item 19.08/19 Five Year Plan ratios

- 19.1 The Committee received a paper to note from the Executive.
- 19.2 The Committee noted that, at its meeting on 17 November 2008, it had discussed the Five Year Plan. The plan showed an increase in the costs per

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registrant from £77.22 in year 1 to £92.33 per registrant in year 5. There were two main reasons for the increase – an increase in depreciation charged, (due to increased investments in various computer systems) and an increase in communications expenditure (on campaigns, presence in the home countries and additional employee costs). The Committee noted that there did not appear to be significant economies of scale from the regulation of additional professions.

- 19.3 The Committee noted that the Five Year Plan was only a projection of HPC's financial position and was subject to a number of uncertainties. The Committee noted that improvements to the quality of HPC's services (for example, introduction of an online renewals system) would not be directly reflected in financial information.

Item 20.09/20 Nine month reforecast for year to 31 March 2009

- 20.1 The Committee received a paper to note from the Executive.
- 20.2 The Committee noted that discussions had been held between the Finance Department and each budget holder to ascertain likely overspends and underspends at the financial year end. These had been added or subtracted from the original budget. The downturn in international scrutiny fees and additional graduate applications had also been taken into account.
- 20.3 The Committee noted that renewal fees from dieticians had been recognised in the previous financial year, in error. The Committee noted that the Executive had taken action to ensure that, if there were future delays in extracting financial reports from the registration computer system, the Finance Department would be notified.
- 20.4 The Committee noted that there had been additional expenditure on Council and Committee member training and agreed that an explanation of the expenditure should be circulated to the Committee.

Action: CM (by 16 March 2009)

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- 20.5 The Committee noted that an operating surplus of £497,000 before investments was predicted at the end of the financial year, against a budgeted surplus of £245,000 before investments.

Item 21.09/21 December 2008 management accounts

- 21.1 The Committee received a paper to note from the Executive.
- 21.2 The Committee noted that, as of 31 December 2008, there had been an operating surplus before investments of £693,000, compared to a budgeted surplus of £277,000. The Committee noted that HPC continued to be in a stable financial position.
- 21.3 The Committee noted that budgeted and actual income and expenditure were more closely aligned than in the previous financial year. This indicated that the budgeting process was being refined over time.

Item 22.09/22 360 degree feedback trial conclusion

- 22.1 The Committee received a paper to note from the Executive.
- 22.2 The Committee noted that the Executive had trialled 360 degree feedback for employees. Participants had been asked to complete a questionnaire to establish whether the benefits outweighed concerns. While there had been positive comments about insights received, the majority of respondents thought the process would only be worthwhile 'to some extent' for them personally and the organisation. There had also been concerns about the time commitment involved and the resource implications. The Executive Management Team had decided that 360 degree feedback should be optional for use by individual departments. The Committee noted that employees would continue to be able to give constructive feedback to their managers outside of any formal procedure.

Item 23.09/23 Any other business

- 23.1 There was no other business.

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Item 24.09/24 Date and time of next meeting

24.1 The next meeting of the Committee would be held at 10.30 am on Thursday 5 March 2009 (Remuneration Committee).

24.2 Subsequent meetings would be held at 10.30 am on

Monday 16 March 2009

Thursday 23 April 2009 (discretionary meeting)

Tuesday 23 June 2009

Thursday 30 July 2009

Tuesday 15 September 2009

Tuesday 17 November 2009

Wednesday 10 February 2010

Thursday 4 March 2010 (Remuneration Committee)

Wednesday 17 March 2010

Thursday 29 April 2010

Thursday 17 June 2010

Thursday 29 July 2010

Chairman

Date

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